



October 14, 2003

## Why America Must Win the Peace in Iraq

### *Recent Administration and Congressional Quotes:*

#### Why America Must Win the Peace in Iraq:

- “Helping Iraqis provide for their own security is critical. The investments the President is requesting are, in a real sense, a critical element of the Coalition’s exit strategy. The sooner Iraq can generate income and defend its own people, the sooner U.S. and Coalition forces can come home.” —*Defense Secretary Rumsfeld, testimony to Senate Appropriations Committee, September 24, 2003.*
- “This is a tough environment. It’s a deadly environment in some cases. But whenever I talk to the soldiers—and I talk to a lot of them—it’s clear to me that they know why they’re there, they know it’s going to be long and they know they either fight there [Iraq] or they fight here.” —*Lt. General John Abizaid, U.S. Army, Commander, U.S. Central Command, testimony before the Senate Armed Services Committee, September 25, 2003.*
- “Saddam holdouts and foreign terrorists are trying desperately to undermine Iraq’s progress and to throw that country into chaos. The terrorists in Iraq believe their attacks on innocent people will weaken our resolve. That’s what they believe. They believe that America will run from a challenge. They’re mistaken. Americans are not the running kind.” —*President Bush, speech in Portsmouth, NH, October 9, 2003.*

#### On the President’s Supplemental Request:

- “No one part of the supplemental is dispensable and no part is more important than the others. This is a carefully considered request. This is urgent. The urgency of military operations is self-evident. The funds for non-military action in Iraq are equally urgent. Most Iraqis welcomed us as liberators and we glowed with the pleasure of that welcome. Now the reality of foreign troops on the streets is starting to chafe. Some Iraqis are beginning to regard us as occupiers and not as liberators. Some of this is inevitable, but faster progress on reconstruction will help.” —*Coalition Provisional Authority Administrator L. Paul Bremer, testimony to Senate Appropriations Committee, September 22, 2003.*
- “Chaos will result if the supplemental bill doesn’t come through, if reconstruction stops. This won’t only negatively affect our troops on the ground, but the American people, also.” —*Senator Richard Lugar (R-IN), radio interview, September 29, 2003.*

## **Why America Must Win the Peace in Iraq**

This week, the Senate resumed debate on the President's FY 2004 supplemental request for military operations and reconstruction activities in Iraq and Afghanistan. The President has asked that the supplemental funding measure be passed by Congress substantially intact and immediately so that America can win the peace in Iraq. It has been suggested by some, though, that the President's request and immediate disbursement of a \$20.3 billion grant for Iraq's reconstruction is bloated, unnecessary, and not urgent. Some even have proposed withholding up to 50 percent of the monies until the President submits a detailed reconstruction plan.

Notwithstanding these arguments, the President has made a compelling case that these monies must be approved on a grant basis as quickly as possible in order to achieve several tasks essential to the safety of our troops and the success of our mission. There are numerous parties including terrorists, anti-democratic movements, and even allies that do not want the United States and the coalition to succeed in either rebuilding or in establishing a stable, prosperous economy and representative democracy in Iraq. Some of these parties are willing to do whatever it takes — including terrorist attacks, assassination plots, and grandstanding at the United Nations — to stymie and defeat U.S. reconstruction efforts.

During the Senate recess last week, the House Appropriations Committee approved by a vote of 47-14 the President's supplemental request, and rejected an amendment to require the reconstruction monies to be issued as loans, and not grants. The full House will begin consideration of the bill this week.

Delay of the appropriation or substantive alteration of the reconstruction request would cause serious harm to U.S. efforts to rebuild Iraq and defeat anti-democratic elements that seek to destabilize a free Iraq. Congress must recognize the critical importance of keeping the President's supplemental request intact as the way to ensure that America wins the peace in Iraq.

### **Protect U.S. National Security**

To withdraw from Iraq or to reduce or delay the appropriation of the monies requested to train a new Iraqi army and police force would be disastrous for U.S. security. For nearly two decades, Saddam Hussein's Iraq created regional instability, attacked its neighbors, and posed a threat to U.S. and allied security. Operation Iraqi Freedom swiftly ousted Hussein from power, liberated the Iraqi people, and removed the WMD threat his murderous regime posed to the United States. However, since the liberation, pockets of resistance fighters and terrorists have waged a guerilla-type campaign against coalition forces in an effort to force the coalition to abandon its efforts to rebuild and democratize Iraq.

If America and the coalition withdrew from Iraq now—and thus stopped building and training a new Iraqi army and police force—it would send a message to the Iraqi people, terrorists, and the world that America's fortitude is weak and the United States is not committed to winning the peace and helping the people of Iraq build a better life for themselves. In fact, the United States military cannot remain in Iraq *unless* we seriously address the issues of reconstruction and security — our soldiers will continue to be at risk from enemy attack until

security and stability have been restored. Moreover, a U.S. withdrawal likely would result in the eruption of a religious-based power struggle in Iraq; allow terrorists and non-democratic elements in the Persian Gulf to create a haven for instability and a breeding ground for terrorist recruitment, thus endangering U.S. and allied security; and ensure that the U.S. would need to devote greater resources—and possibly troops—in the future to defeat this threat.

### **Share Security Duties with the Iraqis and Expedite the Return of U.S. Troops**

The President's reconstruction request provides Iraqis with tools to provide for their own security. Specifically, this includes training the New Iraqi Army, building prisons, protecting judges and prosecutors, investigating crimes against humanity, and establishing a witness protection program. As a White House statement noted, "The sooner we can create an environment of hope rather than despair, we can count on even greater cooperation from the Iraqi people in defeating the terrorists and regime remnants that target our troops." Thus, the quicker reconstruction monies are appropriated, the quicker the Coalition Provisional Authority (CPA) can use those monies to train, equip, and construct the necessary elements of an Iraqi military, police, and judicial system. Such implementation will reduce the need for a large U.S. military presence in Iraq and hasten our troops' return home.

### **Complete the Liberation of Iraq as Mandated by Congress in 1998**

The Senate declared nearly five years ago that regime change in Iraq was the policy of the United States. On October 31, 1998, President Clinton signed the Iraq Liberation Act into law (P.L. 105-338). Section 3 of the Act boldly stated that "it should be the policy of the United States to support efforts to remove the regime headed by Saddam Hussein from power in Iraq and to promote the emergence of a democratic government to replace the regime."

Among the most notable elements of the Iraq Liberation Act is Section 7, which is entitled, "Assistance for Iraq Upon Replacement of Saddam Hussein Regime." Specifically, the Senate unanimously stated that "once the Saddam Hussein regime is removed from power in Iraq, the United States should support Iraq's transition to democracy by providing immediate and substantial humanitarian assistance to the Iraqi people, by providing democracy transition assistance to Iraqi parties and movements with democratic goals, and by convening Iraq's foreign creditors to develop a multilateral response to Iraq's foreign debt incurred by Saddam Hussein's regime." The President's request will implement Section 7 of the Iraq Liberation Act.

### **Sow the Seeds of a Democratic Transformation in the Middle East**

Reconstructing Iraq and establishing a fully-functioning and accepted democratic government will not be achieved overnight. However, it will be achieved by staying the course. Replacing the defeated regime of Saddam Hussein with a stable democratic Iraq is an essential turning point in bringing modernity and freedom to a part of the world that has produced extremism and terrorism for decades. Once established, a sovereign, democratic, and economically independent Iraq will serve as a model contrasted against other terror-supporting states in the region. An Iraq that is at peace with its neighbors will be a net exporter of stability and will remove a threat to regional stability that has existed for decades.

## **What the U.S. and its Allies Have Already Accomplished in Iraq**

During recent weeks, the Bush Administration has spent considerable energies presenting the CPA's successes in rebuilding Iraq. These achievements often have not been reported by the media, thus distorting the reality on the ground in Iraq. As Defense Secretary Rumsfeld stated on September 24 in testimony before the Senate Appropriations Committee, "What is remarkable is that, despite the significant dangers they face, the Coalition civil and military staff in Iraq has – in less than five months – racked up a series of achievements, in both security and civil reconstruction, that may be without precedent." Among some of the CPA's achievements are:

### **Government**

- The Iraqi Governing Council came into being July 13<sup>th</sup>.
- The Iraqi Governing Council has appointed an Iraqi cabinet of ministers to handle day-to-day affairs.
- The Governing Council appointed a preparatory committee to write a constitution.
- In all major cities, and most towns and villages, Iraqi municipal councils have been formed.
- A detailed plan has been created to implement, in a timely manner, the remaining four steps to grant Iraq's sovereignty including writing the constitution, ratifying the constitution, hosting free democratic elections, and having the Coalition Authority grant sovereignty to the Iraqi government and people.

### **Army and Police**

- More than 70,000 Iraqis have been armed and trained to provide security in their country.
- Nearly 40,000 Iraqi police are conducting joint patrols with Coalition forces.

### **Infrastructure**

- Over 4,000 mega-watts of electrical power are being generated now, up from the immediate post-war level of 15 mega-watts.
- The power grid between the water, electricity, and sewage operations has been reorganized so if one fails, the others keep running.
- More than 8,000 civil affairs projects have been completed by the Coalition.

### **Schools and Hospitals**

- All major Iraqi hospitals are open.
- All major Iraqi universities are open.
- Approximately 1,600 schools have been completely rehabilitated and reconstructed, and classes started on October 4<sup>th</sup>.

### **Commerce**

- Nearly 5,000 Iraqi small businesses have been opened since May 1<sup>st</sup>.
- The Independent central bank of Iraq has been established.
- A new currency has been announced.

## **What Still Needs to Be Done in Iraq**

Central to the U.S. and coalition efforts to rebuild Iraq is the implementation of Ambassador Bremer's seven-point plan to "get Iraqis back in charge of Iraq." The plan includes: 1) creating the Iraqi Governing Council; 2) encouraging the Governing Council to develop a mechanism to draft and adopt a constitution; 3) transferring day-to-day governmental operations into the hands of Iraqis; 4) actual drafting of an Iraqi constitution; 5) achieving popular ratification of the constitution; 6) electing a sovereign government; and 7) ceding remaining coalition authority to the Iraqi government. Aspects of the plan already have been implemented, and progress is being made on other steps each day.

In addition to the seven-point plan, the coalition will need to undertake the following:

### **Hold Donor's Conference**

On October 23, the coalition will convene an international donor's conference for Iraq in Madrid, with the Spanish government serving as host. Ambassador Bremer has stated that Iraq will need an estimated \$50 billion-\$75 billion in capital investment over the course of the next five years; the U.S. contribution toward this will be \$20 billion. Other governments will be asked at the Madrid conference to contribute toward Iraq's reconstruction. Over time, Iraq's oil revenues should increase to a point where Iraq will be able to bear more of its reconstruction expenses.

Given Iraq's massive debt burden, infrastructure problems, and limited revenue-generating potential in the short term, it is imperative that monies provided for Iraq be made as grants, and not loans. Adding more financial commitments on an already massive loan burden would saddle future generations of Iraqis with huge interest and principal payments, and would likely stifle any significant economic development as well as discourage private investment. Moreover, it would set a terrible precedent in U.S. foreign policy if, after we helped to liberate a country from tyranny, America and its allies forced the newly-freed people to accept billions in U.S.-backed loans and required them to make interest payments, in essence mortgaging a people's liberation.

### **Restructure Iraq's Hussein-era Debt**

The United States will be pressing creditors to reschedule and to forgive the billions in debts the Hussein government accumulated to finance its war with Iran and the Persian Gulf War. While estimates of Iraq's total debt load differ dramatically, principal sovereign debt owed to western countries and Russia total \$21 billion, with an additional \$40 billion in late interest.<sup>1</sup> What is unclear is the amount of debt owed to other Arab regimes and legacy commercial debt owed to non-Iraqi banks. The International Monetary Fund (IMF) is currently collecting data to

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<sup>1</sup> Paris Club's monthly publication, *Tour d'Horizon*, from July 10, 2003. Available at: [http://www.clubdeparis.org/rep\\_upload/030600pr-cleanfinal.pdf](http://www.clubdeparis.org/rep_upload/030600pr-cleanfinal.pdf)

calculate these sums, which could exceed \$200 billion (when including reparations claims submitted to the U.N. Compensation Commission arising from the invasion of Kuwait<sup>2</sup>).

Within the coming months, the United States, its coalition partners, and the international community will determine how Hussein-era debts will be addressed. Claims relating to western governments could be rescheduled or cancelled, while the legacy commercial debt will require a more complex negotiated solution. Western creditors typically resolve sovereign debt restructuring through the Paris Club, an informal group of creditor governments from major industrialized countries. Once the IMF concludes its debt assessment and develops an overall recovery program, the Paris Club will act.

Many observers expect the ultimate solution to involve some combination of debt forgiveness, rolling-over legacy debt into a new debt instrument, and securitization of cash flows from future oil revenues. Some also suggest that much of the legacy debt should be repudiated, as it was borrowed by a tyrant and used to finance two military invasions and barbarity. Debt repudiation also could have positive broader consequences, as odious regimes would have more difficulty borrowing in international markets if creditors could not expect to be repaid.

### **Secure Iraq's Borders and Improve Security by Hunting Terrorists**

Since Saddam Hussein fell from power six months ago, coalition officials and the media have reported the presence of hundreds of foreign fighters in Iraq. These fighters have engaged coalition troops and have been associated with numerous terrorist and guerilla attacks throughout Iraq, thus creating a destabilizing element within Iraq. The fighters are known to have come from Syria, Iran, Jordan, and Saudi Arabia. Security and order cannot be achieved within Iraq if terrorists and foreign fighters are allowed to enter and escape through Iraq's unchecked borders. The coalition must increase its efforts in securing the borders and tracking down those who are known to be already operating in Iraq.

## **Conclusion**

Therefore, to protect U.S. security, create conditions for the return home of our troops, complete the liberation of Iraq, and sow the seeds for democracy in the Middle East—and other reasons not listed, including allowing the Iraq Survey Group to finish its task of uncovering and cataloging Hussein's weapons of mass destruction arsenal—Congress should pass the President's FY 2004 supplemental request expeditiously. The monies are urgently needed to support U.S. and coalition military operations in Iraq and Afghanistan and to provide the much-needed reconstruction assistance that a newly-freed Iraq requires to establish a functioning government, economy, military, and society. In liberating Iraq, the United States and its allies took on the responsibility of ridding the country of the vestiges of tyranny and building the foundations of democracy. Congressional approval—and the immediate disbursement—of these reconstruction monies will help America fulfill its commitment to the Iraqi people and win the peace in Iraq.

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<sup>2</sup> *Gulf News*, "Toppling of Saddam Leaves Debt Questions to be Solved," September 24, 2003.